

In the latest [annual report by Bank Negara Malaysia](#), the construction industry is set to rebound with a 6.1% growth in 2022, catalysed by the ongoing construction activity in large scale infrastructure projects. Recently in mid-March, the Malaysian Government announced the revival of the Mass Rapid Transit 3 (MRT 3) Circle Line project, which was estimated to cost around RM31 billion. Tender for the construction work is set to be opened in May and contracts to be awarded in the fourth quarter of the year.

The positive development has injected much optimism into the construction sector. Bursa Malaysia Construction Index has climbed 10 basis points as at year-to-date 18 April 2022 (YTD). Growth was more profound starting mid of March amid the announcement of MRT 3 Circle Line project alongside the anticipation of revival of more large-scale infrastructure projects. The sector also gained more support among analysts. In the [analyst consensus based on the November 2021 results session](#), 57% of covering analysts had a buy recommendation, and the percentage ascended to 66% in the [analyst consensus based on the February 2022 result session](#).

Figure 1: Daily Closing of the Bursa Malaysia Construction Index

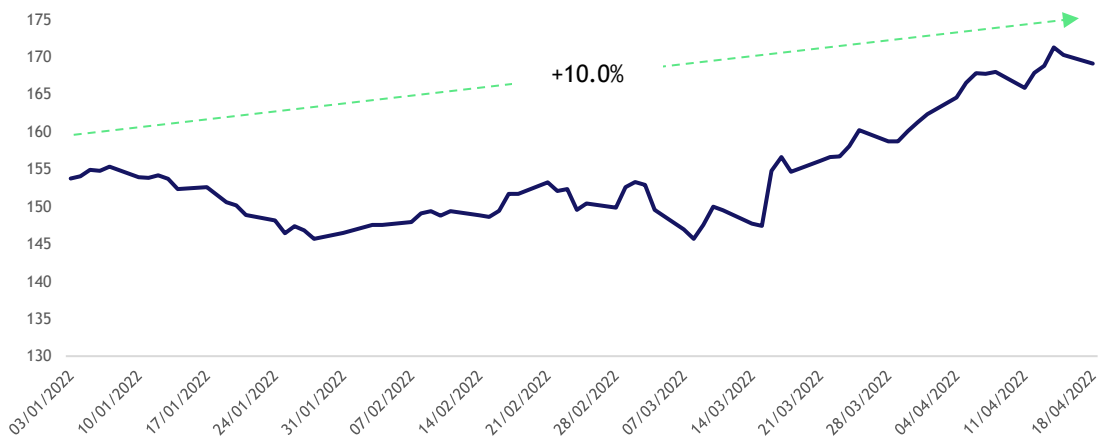
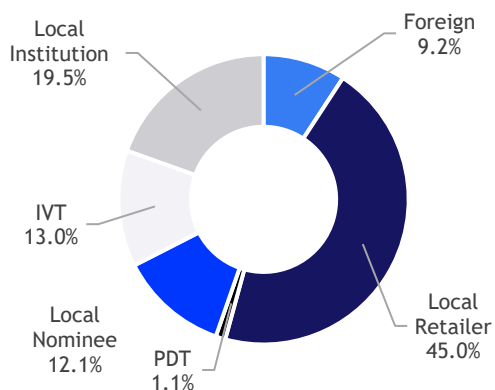


Figure 2: YTD Construction Sector ADV Breakdown by Investor Category

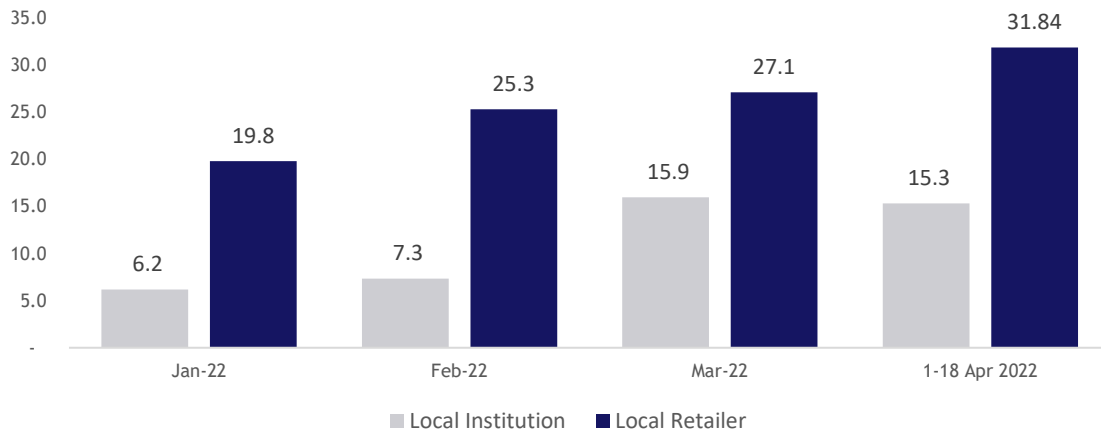


With an YTD average daily traded value (ADV) of RM56.6 million for the construction sector, local retailers were the most active and commanded 45% of the ADV. This was followed by local institutions with a 19.5% share. Both investor types contributed 64.5% in the trading of the construction sector.

Interest in the construction sector swell since early of the year

Local institutions were observed to be increasingly active in the construction sector as its monthly ADV jumped 146.7% from January to April, most notable in March. Meanwhile, local retailers' ADV rose 60.8% for the same period.

Figure 3: ADV of Local Institutions and Retailers in the Construction Sector (RM Mil)



Note: exclude Proprietary Trading Investment (IVT), Proprietary Day Trades (PDT) and nominees

10 construction stocks attracted significant trading activity by local institutions and retailers

In comparison of combined ADV of local institutions and retailers for YTD versus 2021, 10 construction stocks showed expansion in trading activities, out of which, seven of them exhibited price gains.

HSL topped the list with a 92.8% growth in combined ADV. This came after the company's [proposed take-over and privatisation](#). As at end of the period, its share settled at RM1.35, its offer price for the proposed take-over, for a market capitalisation of RM786.61 million. Local retailers offloaded RM19.11 million while local institutions injected RM15.81 million YTD.

NESTCON led with a price gain of 36.6%, alongside capital inflow from both local institutions and retailers. In January, NESTCON announced that its subsidiary was awarded [sub-contracts for the construction of East Coast Rail Link \(ECRL\)](#) worth RM90.4 million and the [turnkey contract for the construction of a 39-storey building at Old Klang Road worth RM188.5 million](#). Earlier, the company has also entered into a [joint venture agreement with SGX-listed Hatten Land Ltd](#) to undertake a solar photovoltaic project in Melaka. NESTCON was also the highest net purchased counter by local retailers among the 10 stocks.

GAMUDA was net bought by local institutions with +RM47.92 million, the highest of the list. Pursuant to the proposed restructuring of four major highway concessionaires by the Malaysian Government, [GAMUDA was offered to dispose the four concessionaires for a net proceed of RM2.33 billion](#). Analysts also expect a special dividend for shareholders. Read one of the reports [here](#).

Details of the 10 constructions stocks are exhibited below.

Figure 4: Construction Stocks with Combined ADV Growth YTD

Company	Stock Short Name	Combined ADV Growth (%)	Price Change (%)	Market Capitalisation at End of Period (RM Mil)	YTD Net Fund Flow by Local Institution (RM Mil)	YTD Net Fund Flow by Local Retailer (RM Mil)
Hock Seng Lee Berhad	HSL	92.8	3.5	786.61	+15.81	(19.11)
Nestcon Berhad	NESTCON	92.4	36.6	338.01	+0.85	+3.99
DKLS Industries Berhad	DKLS	51.6	1.1	164.08	(0.02)	(0.11)
Gamuda Berhad	GAMUDA	37.9	24.1	9,194.15	+47.92	(36.90)
Gagasan Nadi Cergas Berhad	NADIBHD	34.3	(22.4)	222.14	(0.14)	+2.47
Pintaras Jaya Berhad	PTARAS	24.3	(5.7)	437.88	+1.12	(1.06)
OCR Group Berhad	OCR	16.6	(17.2)	106.56	+0.32	+2.75
Sunway Construction Group Berhad	SUNCON	5.3	8.3	2,185.00	(3.17)	(1.68)
Brem Holdings Berhad	BREM	3.6	2.6	407.66	(0.33)	(0.51)
Gadang Holdings Berhad	GADANG	1.0	20.8	316.71	(1.68)	+2.20

Notes:

- i. Combined ADV growth is based on the comparison of total local institutional and retailers' ADV for YTD 18 Apr 2022 versus ADV for 2021;
- ii. Price change based on closing price on 18 April 2022 versus 31 December 2021;
- iii. Market capitalisation as at the closing of 18 April 2022;
- iv. Numbers exclude IVT, PDT and nominees

DISCLAIMER: This report is provided for general information purposes only. Although care has been taken to ensure the accuracy of the information within this report, Bursa Malaysia Berhad and its subsidiaries ("Bursa Malaysia Group") do not warrant or represent, expressly or impliedly as to the completeness, accuracy or currency of the information in this report. Bursa Malaysia Group does not endorse and shall not be liable for any information in this report that have been obtained via third party sources (if any).

The information contained in this report is neither an offer or solicitation to enter into any transaction nor is it a recommendation or endorsement of any product(s) mentioned in this report. The information also does not constitute legal, financial, trading or investment advice. You are advised to seek independent advice and/or consult relevant laws, regulations and rules prior to trading/investing. Bursa Malaysia Group does not accept any liability howsoever arising, including any liability arising from any trading/investment decisions made on the basis of this information.

This report or any part of this report shall not be used or reproduced in any form without Bursa Malaysia Berhad's prior written permission.